

EMADLANGENI MUNICIPALITY



MEDIUM-TERM DRAFT BUDGET

2016/17 TO 2018/19

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MAYOR'S REPORT

Councillors, Officials and valuable members of our community, It gives me great pleasure to present to council the 2016/2017 draft budget and the outer subsequent years. This is the last budget under the current administration. The challenges we are facing as a country as a province and as a local municipality as outlined by the President of the Republic, His Excellency Jacob Zuma during his State of the Nation Address and how we intend dealing with them as articulated by the Minister of Finance, Pravin Gordhan in his recent budget speech, are by their very nature all humbling. Emadlangeni Municipality, like all other Municipalities and the whole country, has no doubt that the continuing of economic downturn in our country, severe drought and high unemployment have conspired to create a very difficult situation for us indeed.

The Municipality's core business is enhancing service delivery for our communities. Despite the limited resources at the disposal of the municipality this budget seeks to better service delivery. We are aware of the challenges being faced by our people.

As we all know, the Municipality's infrastructure is aging, therefore, it becomes more critical that council is able to balance its finances in such a way that we are able to maintain the infrastructure and assets that we have. To this end the municipality is continuously seeking alternative sources of funds to renew this archaic infrastructure. The homes to the majority of our people lack basic necessities like electricity and running water. It is therefore imperative that this Council puts the foot on the pedal of seeking partnership with other organisations and in pursuit of improving the lives of our people as it is evident from the budget that we cannot do everything on our own with the limited financial resources we have.

The Municipality faces many challenges, chiefly the thin revenue base of the municipality. Despite these hurdles in front of us we are pleased to have put together a balanced budget under the circumstances. As the Council of Emadlangeni Municipality we are committed to improving efficiency and implementation of sound financial management. In this regard the 2016/17 budget is being funded mainly from Government grants and own revenue.

In terms of Provincial notice 72 of 2015, the Municipal Demarcation Board has approved two additional wards for Emadlangeni. As a result the number of Councillors will also increase from 7 to 11. We consider this as a positive move which will enhance service delivery to our community.

In conclusion, I would like to thank all the Councillors for their invaluable contributions in this budget, the Municipal Manager, the Heads of Departments and all staff members who made the budget process a success. Honourable Councillors with those few words I have pleasure in placing the 2016/2017 draft capital and operating budget for consideration and approval. It is now time to work smarter, harder and faster in delivering on our core mandate. Your continued support is a testimony and affirmation that we can do better in improving the quality of lives of our communities.

I thank you

Councillor V.C Ndlovu

MAYOR

3. BUDGET RESOLUTIONS

- (a). That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the annual budget of the municipality for the financial year 2016/17; and indicative allocations for the two projected outer years 2017/18 and 2018/19; and the multi-year and single year capital appropriations be approved.
- (b). That in terms of section 24(2)(c)(i) of the Municipal Finance Management Act, 56 of 2003, and sections 74 and 75A of the Local Government Municipal Systems Act, 32 of 2000 as amended, electricity, Refuse removal, Property rates and other Services as set out in Annexure A be approved with effect from 1 July 2016.
- (c). That the Municipality's budget related policies remain unchanged.

4. EXECUTIVE SUMMARY

4.1. OVERVIEW OF THE MUNICIPALITY

Emadlangeni Municipality is the largest municipality in the Amajuba District in terms of area. It consists of a vast rural in which there are approximately 1400 commercial farms and a low percentage of economic activity. In sharp contrast, Emadlangeni has an exceptionally low population density. Reasons for urban migration are lack of employment opportunities in the rural areas and the decrease in agriculture due to unresolved land claims. The only areas of high population density are found in Utrecht town, the Kingsley and Groenvlei settlements. Educational levels are lower in Emadlangeni than other municipalities in the Amajuba district. The Municipality's beautiful scenery, the Balele Game Park and trout fishing route to the north of the municipality offer potential for tourism activities. The Wakkerstroom wetlands and various battlefield sites in the area further enhance tourism prospects.

The municipality covers an area of 3,539 km², has a population of 35 851 by Census 2011 figures and made up of 4 wards and will be increased by two additional wards effective after the forthcoming local government elections.

The Emadlangeni municipal area is the least densely populated municipality in the District estimated at 10.1 per square kilometre constitutes 7% of the total population of the Amajuba District Municipality, and 0.35% of the total population within KwaZulu-Natal.

From the 2011 Census figures, Emadlangeni has a young population. This implies that most are in the economically active age group and hence planning is required for more employment opportunities. This is a challenge that needs a strategic approach in light of the general economic dynamics of the district as a whole.

The income breakdown of Emadlangeni further qualifies the fact that there are limited formal employment opportunities in the area. More than 70% of the population earn R1600 or less per month. The number of people with no income has also increased since the 2011 census to reach 41%.

The district as a whole is facing decline in GGP in all sectors. The economy of the district has experienced a change from a dominant manufacturing base to a services base.

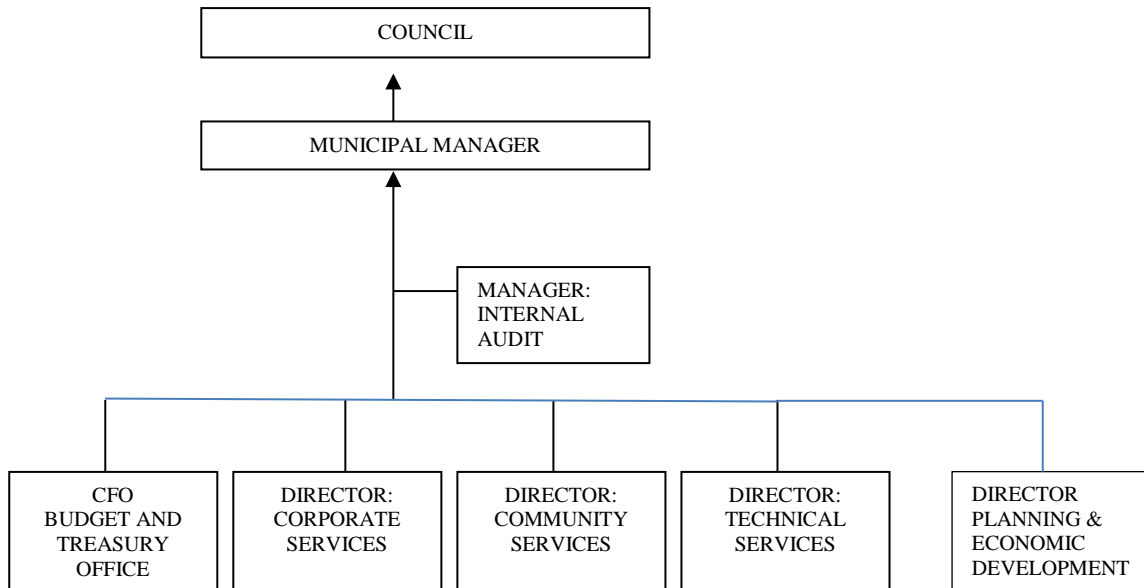
Organisational Structure

The Municipality has a staff compliment of approximately 114 people.

The Emadlangeni Organogram (illustrated below), and as approved by Council, makes provision for a Municipal Manager, Internal Audit, and five Departments each headed by a Director. The five Departments of the municipality are:

- Budget and Treasury
- Corporate Services
- Technical Services
- Planning and Economic Development
- Community Services

EMADLANGENI MUNICIPALITY: ORGANOGRAM



4.2 COUNCILLORS AND OFFICIALS

COUNCIL

DESIGNATION	INITIALS & SURNAME	POLITICAL PARTY	WARD
Mayor	V.C Ndlovu	ANC	3
Councillor	N. Ndlovu	ANC	2
Councillor	M.A. Gama	ANC	4
Councillor	B.M.Phenyane	ANC	1
Councillor	T.V. Buthelezi	IFP	PR
Councillor	S. Nkomonde	NFP	PR
Councillor	P Collins	DA	PR

DESIGNATION	SURNAME & INITIALS
Municipal Manager	Ntshangase GPN
Acting Director Community Services	Sithebe Z
CFO	Mtusva W
Director Corporate Services	Sikhakhane S
Director Planning & Economic Development	Mtshali S
Director Technical Services	Vacant

4.3 MEDIUM TERM BUDGET 2016/17 TO 2018/19

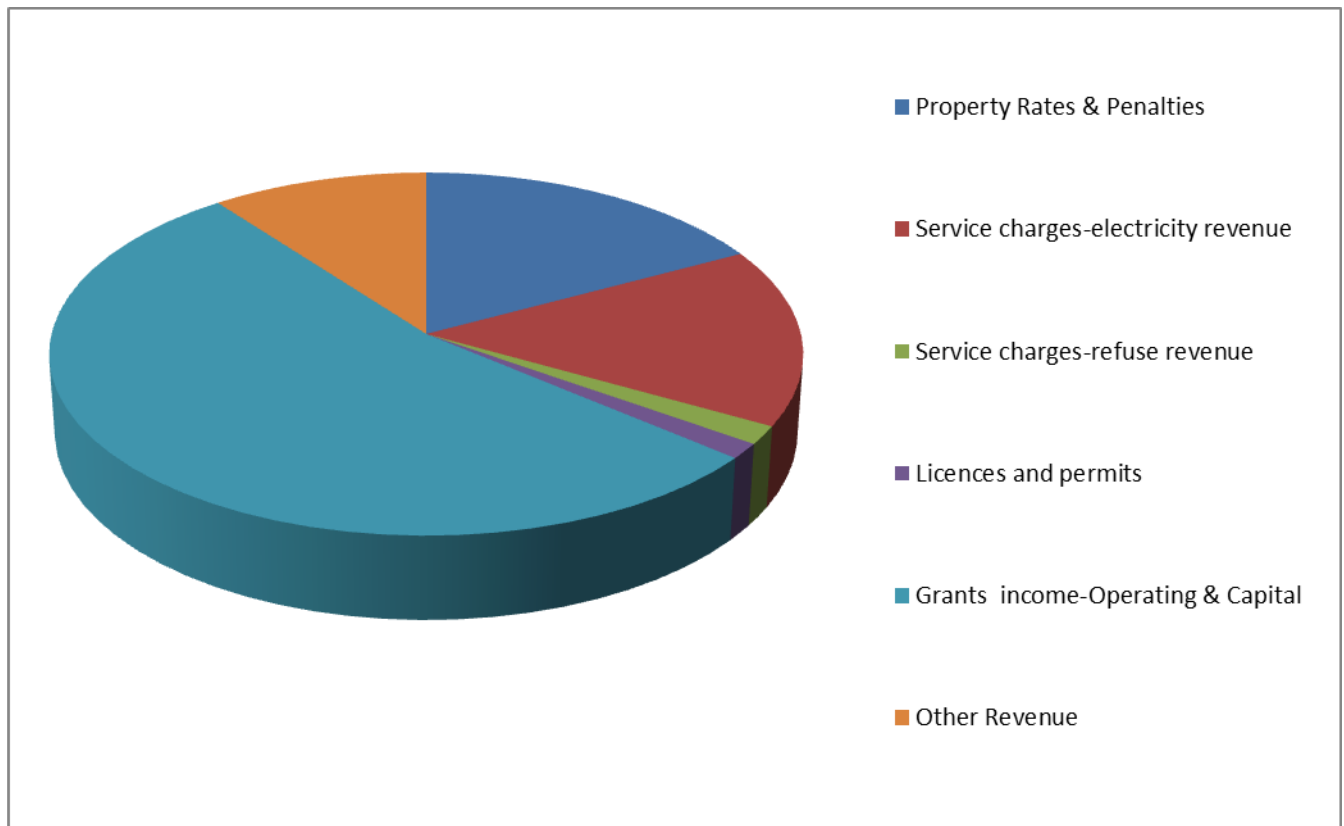
INTRODUCTION

The purpose of the 2016/17 medium-term budget is to comply with the Municipal Finance Management Act (No.56 of 2003) and is a financial plan to enable the municipality to achieve its vision and mission through the IDP which informs the Emadlangeni Municipality's five-year programme and community/stakeholder inputs.

The tabling of the 2016/2017 budget is a statement of our commitment to the people of Emadlangeni, proposing a total budget of R 103,419,755, comprising R 80,648,055 operational and R 22,771,700 capital budget. The 2016-2017 multi-term budget posed many stumbling blocks which had to be addressed and accommodated by the limited financial and other resources, not least of which is the stagnant economic growth, continued power shortage, weakened local currency and uncertainty going forward.

The budget has been prepared in terms of guidelines as contained in National Treasury's MFMA Circulars and Budget Format and Reporting Regulations. The tabling of draft budget was as a journey towards consultation processes with communities throughout the municipal area and all other relevant stakeholders. All comments and inputs obtained through this process are also placed before Council for consideration.

Revenue by Source:



4.3.1 OPERATING BUDGET

4.3.1.1 Revenue

Revenue generally increased by varying percentage from the full year forecast for the 2016/2017 financial. The proposed tariff increases and other allocations as indicated below:

- In line with NERSA approved electricity increase guidelines for, electricity will go up by 7.6%.
- Property rates proposed hike is 4.0%
- Refuse is proposed to go up by 5.0%
- Other tariffs have been increased in line with market conditions particularly the Game and Recreation Park tariffs.

Property rates revenue is expected to increase by 4.0 % from the 2015/2016 full year forecast to R15.031m.

Electricity revenue is expected to increase by 7.6% from the 2015/2016 full year forecast to R16.464 million, a mere passing on of the Eskom anticipated electricity increase in tariffs in light of the well documented challenges facing the power utility. Due to the limited revenue

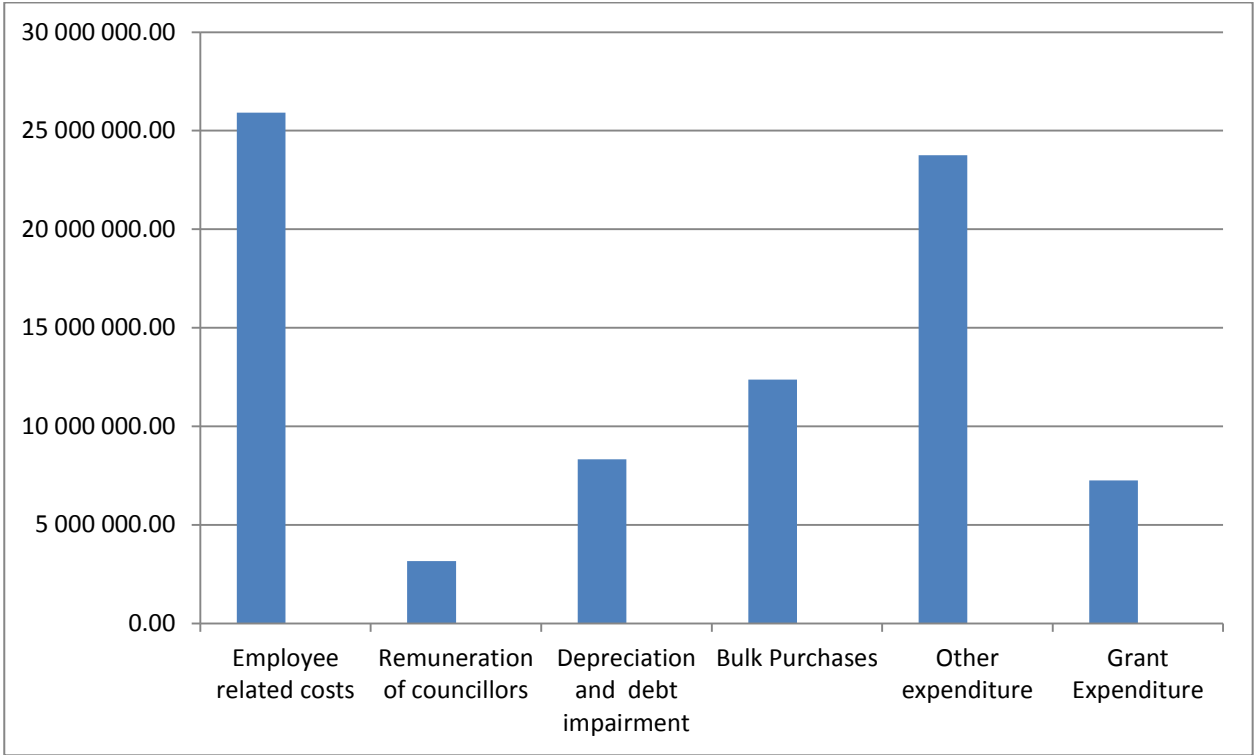
sources the municipality is unable to absorb the whole cost as a result of the increase hence the passing on of the cost to the consumers.

Refuse removal is expected to generate about R1.686 million to the operating revenue, representing an increase of R175 563 from the 2015/2016 full year forecast. Refuse tariffs will increase by 5.0%, an increase of less than R5 in rand value.

Total grant allocations to fund operating budget are expected to be R37.3 million. The expected equitable share allocation from National Government increased by ± R 2.5 million (12%) to R23.5 million. Break down of the grant allocations is detailed below:

Grant	Allocation 2015/16	Budget 2016/17	Year
Equitable Share	R21 017 000	R23 572 000	
MSIG	R930 000	R 957 000	
FMG	R1 800 000	R1 825 000	
Provincialisation of Libraries	R553 000	R559 000	
Community Library Service	R170 000	R179 000	
EPWP Grant	R1 030 000	R1 284 000	
Sports	R 150 000	-	
Small Town Rehabilitation	R 2 000 000	R 9 000 000	
Total	R25 650 000	R37 376 000	

Expenditure by Type:



4.3.1.2 Employee Related Costs : R25.9 million (32% Total Expenditure)

Employee Related Costs are expected to increase by 7% in line with the Collective Agreement on Wages and Salaries signed by the Local Government National Bargaining Council which set the salaries increases for 2016/17 financial year at average CPI (Feb 2015- Jan 2016) plus 1 per cent.

Employee related cost budget will increase from 2015/2016 full year forecast by 21% to R25.9 million. The 21% is partly explained by the 7% expected salary increase. The remainder of the increase is attributed to vacant positions expected to be filled in the 2016/17 financial year. Key positions notably Director Technical Services and Director Community Services were not filled in the first half of 2015/16 year due to the failure to attract the required candidates. As a result the employee costs were revised downwards by 11% in the 2015/16 adjustments budget to R20.5million. In view of the challenges of attracting talent to our rural municipality, council made a resolution to approach relevant professional bodies like Auditor General (For finance), Engineer Bodies (Technical Staff) and other relevant professional bodies in recruitment processes. This has yielded positive results to date most of the vacant positions are in final stages of recruitment as a result of the new approach. Therefore, most of the vacant positions for senior managers including Director Community Services, SCM Officer, Town Planner, Civil Engineering Technician, LED & Tourism Manager are expected to be finalised before the new financial year. In light of the above Employee costs are budgeted to increase by 21% from 2015/16 financial year.

Councillor remuneration is budgeted at R3.1 million for 2016/2017 financial year. Councillors remuneration has been budgeted to increase by 65% from the 2015/2016 forecast. This is largely due to the fact that Council will increase by 4 Councillors from the current 7 Councillors to a total 11 Councillors as determined by the Municipal Demarcation Board. The summary of the budgeted Councillors' allowances is reflected in tables SA22 and SA23 hereto.

4.3.1.3 Other Expenditure : R22.06 million (27% of Total Expenditure)

Other expenditure breakdown is provided in table SA1 of the budget:

Notably, significant amounts and increases are Repairs and Maintenance, Legal costs, Licenses and IT agreements, LED and Special Projects, Security and Grant Expenditure. Furthermore, in resonance with National Treasury the municipality's infrastructure is aging and more and more is required in repairs and maintenance. The municipality is still facing battles with Unions and have other pending court cases, consequently the significant legal cost.

Security has significantly increased from the previous years as the municipality has beefed up security measures on municipal premises to safeguard municipal assets in light of the break ins and theft at municipal properties.

4.3.1.4 Bulk Purchases : R12.3million (15% of Total Expenditure)

The budget for Electricity was increased by 9% from the 2015/2016 full year forecast in line with the published guidelines on municipal electricity by the regulator.

4.3.1.5 Depreciation and Asset Impairment : R5.8million (7% of Total Expenditure)

The 2016/17 depreciation and asset impairment budget increased to R5.8million is an increase of 7% from the full year forecast for 2015/16 year.

The bulk of the additions for the year are infrastructure assets depreciated between 20-30 years. In addition, some assets are expected to be fully depreciated during 2016/2017 and coming years. Therefore, depreciation and asset impairment increased by 7% from the audited income for 2014/15. As assets are becoming fully depreciated asset impairment and depreciation is not expected to be as high as prior periods despite the additions.

4.3.1.6 Debt Impairment : R2.5 million (3% of Total Expenditure)

The 2016/17 debt impairment budget increased by 27% from the audited outcome for 2014/2015 financial year and by 9% from the current year's full forecast. Based on previous years, profile of our debtors and the expected discounted cash flows from debtors between 40% and 50% of Emadlangeni debtors book is impaired. Therefore, the increase for the current year is reasonable as it will take the debt impairment balance to the expected range between alluded in the preceding discussion.

4.3.1.7 Grant Expenditure : R7.1 million (9% of Total Expenditure)

Grant expenditure has also increased by 49% from the 2015/16 full year forecast in consideration of the National Budget allocations for the 2016/17 financial year. This is largely due to an expected total R9 million grant for small town rehabilitation.

4.3.1.8 Contracted Services R1.6 million (2% of Total Expenditure)

Contracted services are expected to drop significantly from the full year forecast for 2015/16 by 28%. As alluded to in the preceding paragraphs the municipality struggled to attract appropriately skilled staff. As a result a function for Performance Management System had to be outsourced. However this post has been filled and with the recent measures put in place contracted services are anticipated to be lower than 2015/16 as more of the vacant posts will be filled.

4.3.1.8 Total Operating Expenditure R80.6 million

Total expenditure for the 2016/17 financial year is estimated at R80 648 055. This represents an increase of 13 % from 2015/16 and a 30% increase from the 2015/16 audited outcome. The increase is attributed to reasons mentioned in the preceding paragraphs. The municipality's total operational grants allocation increased by 36% hence the increase in operational expenditure as well.

4.3.2 **CAPITAL BUDGET : R22.7 MILLION**

4.3.2.1 Funding Sources

The total capital budget amounts to R22 771 700 which will be funded as follows:

FUNDING SOURCE	AMOUNT®	%
National & Provincial Grants	20 721 700	91%
Own revenue	2 050 000	9%
Total Funding	22 771 700	100%

4.3.2.2 Capital Summary

The summary of major capital budget is as follows:

PROJECT	AMOUNT (R)	
Lens Link Gravel Road Rehabilitation	R2.8m	
Groenvlei Gravel Road Rehabilitation	R2.4m	
Kwantaba & Ekhasisni Access Gravel Road	R3.2m	
Rural Electrification	R9.0m	
Utrech Taxi Rank Upgrade	R 7m	
Utrecht CBD roads Rehabilitation	R 2m	

4.3.3. **CHALLENGES FACED IN PREPARING 2016/2017 BUDGET**

4.3.3.1 Operating Budget

- Filling of all critical vacant positions as per organogram
- Insufficient provision for maintenance in view of the aging infrastructure and other assets.
- Some of the tariffs were not increased in light of affordability particularly Game and recreation park.

4.3.4 ALIGNMENT WITH NATIONAL AND PROVINCIAL PRIORITIES

The Emadlangeni Municipality's IDP and Medium-term budget is compelled to align with national and provincial initiatives to enhance optimal congruence with government. The Municipality is of the opinion that that this budget is prepared to give effect to the priorities and support long-term sustained growth and development in line with National and Provincial objectives.

Legal requirements

In terms of Chapter 5 of the Municipal Systems Act of 2000 all municipalities are required to develop and adopt an Integrated Development Plan. The ELM IDP was initially developed and approved in 2002 and subsequent annual reviews of the IDP have since be done as required in terms of the Section 34 of the Municipal Systems Act together with the provisions of Section of 53(1) of the MFMA 56 of 2003.

Alignment of the IDP and the budget continues to pose a challenge to the municipality however the municipality continues to strive to achieve this alignment in an effort to ensure that the strategic objectives as articulated in the development plan are adequately addressed. This is given the fact that the IDP comprises one of major tools which are aimed at ensuring that the local government full fills its developmental role.

Alignment approach

The review process is guided by the process plan which was reviewed, considered and adopted by Council and later submitted to the IDP Representative Forum for inputs. An extensive community and stakeholder consultation was undertaken to consider the review and inputs into the existing IDP. The processes of reviewing the IDP seeks to amongst other things review and reconsider the strategic objectives and revision of priorities and to incorporate any possible funding of projects to meet the strategic objectives which may have become available during the year. The review process also seeks to incorporate any recommendations which from COGTA which serve to ensure that the 7 broad National Priorities are adequately met.

- Municipal Institutional Transformation
- Local Economic Development
- Basic Service Delivery and Infrastructure Investment
- Financial Viability and Financial Management
- Good Governance and Community Participation
- Spatial Development Framework

In an attempt to comply with the Municipal systems Act and Municipal Financial Management Act (2003), ELM's budget has to a large degree been informed and aligned to the IDP objectives more so the service delivery & infrastructure requirements , institutional transformation, Good Governance and the financial viability & financial management aspect of the IDP objectives. Both the capital and operating budget have been allocated in a manner which ensures the achievement of the recently mentioned objectives. The ELM will continue to prioritize the strategic objectives of the IDP more so the income generating investment infrastructure and at the same time not

compromising in addressing the service delivery infrastructure backlogs. This will be done by gradually refraining from departmental capital budgeting to prioritizing income generating assets and infrastructure.

The 2016/17 medium term budget sought to address some of the identified priorities.

5. BUDGET TABLES AND RELATED CHARTS

As per A1 Budget Schedule (Annexure B)

KZN253 eMahlangueni - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
Financial Performance										
Property rates	11 899	14 093	14 955	16 981	16 981	16 981	16 981	17 830	18 864	19 958
Service charges	11 730	12 934	13 340	15 205	15 205	15 205	15 205	18 152	19 205	20 318
Investment revenue	864	1 293	1 293	1 130	1 480	1 480	1 480	1 554	1 644	1 739
Transfers recognised - operational	16 766	20 668	23 783	25 650	28 639	28 639	28 639	37 376	29 390	30 340
Other own revenue	3 336	4 192	3 244	9 801	9 563	9 563	9 563	10 595	11 410	12 372
Total Revenue (excluding capital transfers and contributions)	44 594	53 180	56 615	68 767	71 868	71 868	71 868	85 507	80 512	84 727
Employee costs	14 004	14 952	18 240	23 252	20 511	20 511	20 511	25 918	27 220	28 758
Remuneration of councillors	1 691	1 755	1 854	1 999	1 920	1 920	1 920	3 172	3 356	3 551
Depreciation & asset impairment	4 716	6 131	6 206	5 294	6 273	6 273	6 273	5 808	5 731	5 439
Finance charges	108	103	98	101	101	101	101	101	107	113
Materials and bulk purchases	8 412	8 321	11 021	11 310	11 310	11 310	11 310	12 373	13 091	13 850
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	14 752	20 837	17 145	26 710	31 210	31 210	31 210	33 276	30 834	31 507
Total Expenditure	43 682	52 101	54 563	68 666	71 326	71 326	71 326	80 648	80 338	83 217
Surplus/(Deficit)	912	1 079	2 052	101	542	542	542	4 859	174	1 510
Transfers recognised - capital	7 609	14 398	19 611	19 183	19 183	19 183	19 183	17 913	19 454	24 730
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	8 521	15 478	21 663	19 284	19 725	19 725	19 725	22 772	19 628	26 240
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	8 521	15 478	21 663	19 284	19 725	19 725	19 725	22 772	19 628	26 240
Capital expenditure & funds sources										
Capital expenditure	8 087	15 131	21 120	24 896	20 593	20 593	20 593	22 772	19 454	24 730
Transfers recognised - capital	7 278	13 814	9 236	18 946	15 446	15 446	15 446	20 722	19 454	24 730
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	809	1 318	11 884	5 950	5 148	5 148	5 148	2 050	-	-
Total sources of capital funds	8 087	15 131	21 120	24 896	20 593	20 593	20 593	22 772	19 454	24 730
Financial position										
Total current assets	32 741	34 804	40 795	38 454	45 584	45 584	45 584	58 012	74 697	74 096
Total non current assets	93 132	101 737	117 677	137 807	137 200	137 200	137 200	149 551	163 874	183 534
Total current liabilities	17 630	12 426	12 470	18 811	22 850	22 850	22 850	9 033	9 157	9 966
Total non current liabilities	7 635	8 029	8 313	8 709	8 709	8 709	8 709	8 976	9 340	9 728
Community wealth/Equity	100 608	116 086	137 690	148 741	151 225	151 225	151 225	189 555	220 073	237 936
Cash flows										
Net cash from (used) operating	15 518	12 087	23 815	18 016	22 302	22 302	22 302	31 095	28 021	34 196
Net cash from (used) investing	(16 659)	(8 607)	(22 225)	(23 651)	(25 991)	(25 991)	(25 991)	(22 772)	(19 454)	(24 730)
Net cash from (used) financing	(41)	29	(51)	(52)	(49)	(49)	(49)	-	-	-
Cash/cash equivalents at the year end	4 506	8 015	27 463	1 312	22 186	22 186	22 186	16 323	24 890	34 356
Cash backing/surplus reconciliation										
Cash and investments available	74 048	70 356	27 763	58 631	24 025	24 025	24 025	35 041	43 868	34 656
Application of cash and investments	11 070	2 368	(71)	(689)	790	790	790	(15 699)	(23 561)	(31 491)
Balance - surplus (shortfall)	62 978	67 987	27 834	59 321	23 235	23 234	23 234	50 740	67 429	66 147
Asset management										
Asset register summary (WDV)	45 917	55 815	116 187	94 580	129 931	129 931	148 061	148 061	162 384	182 044
Depreciation & asset impairment	4 716	6 131	6 206	5 294	6 273	6 273	5 808	5 808	5 731	5 439
Renewal of Existing Assets	-	-	-	5 723	-	-	-	-	-	-
Repairs and Maintenance	1 141	570	-	7 593	-	-	6 193	6 193	6 302	6 658
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	2 508	2 672	2 801	3 565	3 565	3 565	3 565	3 565	3 787	4 006
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

KZN253 eMadlangeni - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard											
<i>Governance and administration</i>			37 585	52 274	60 224	66 941	69 787	69 787	78 871	73 794	81 467
Executive and council			13 989	15 625	17 467	21 017	21 017	21 017	23 572	25 281	26 447
Budget and treasury office			23 595	36 648	42 755	45 922	48 767	48 767	55 296	48 509	55 016
Corporate services			1	1	1	2	4	4	4	4	4
<i>Community and public safety</i>			1 783	1 715	1 741	2 589	2 594	2 594	2 724	2 882	3 049
Community and social services			450	572	580	933	937	937	983	1 040	1 101
Sport and recreation			-	-	-	-	-	-	-	-	-
Public safety			1 334	1 143	1 161	1 657	1 657	1 657	1 740	1 841	1 948
Housing			-	-	-	-	-	-	-	-	-
Health			-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>			62	57	84	352	352	352	369	391	413
Planning and development			-	-	-	-	-	-	-	-	-
Road transport			62	57	84	352	352	352	369	391	413
Environmental protection			-	-	-	-	-	-	-	-	-
<i>Trading services</i>			11 730	12 934	13 340	15 401	15 401	15 401	18 267	19 327	20 448
Electricity			10 463	11 650	11 995	13 890	13 890	13 890	16 580	17 542	18 559
Water			-	-	-	-	-	-	-	-	-
Waste water management			-	-	-	-	-	-	-	-	-
Waste management			1 266	1 284	1 346	1 511	1 511	1 511	1 687	1 785	1 888
<i>Other</i>		4	1 043	598	837	2 667	2 917	2 917	3 188	3 573	4 080
Total Revenue - Standard		2	52 203	67 578	76 226	87 950	91 051	91 051	103 420	99 966	109 457
Expenditure - Standard											
<i>Governance and administration</i>			24 332	31 760	32 726	32 769	37 477	37 477	41 348	39 452	39 979
Executive and council			5 465	7 436	10 249	9 022	10 477	10 477	11 519	11 913	12 496
Budget and treasury office			15 375	20 707	17 781	18 319	20 713	20 713	22 579	19 875	19 375
Corporate services			3 491	3 617	4 695	5 429	6 287	6 287	7 249	7 665	8 109
<i>Community and public safety</i>			5 291	5 950	6 394	9 225	10 564	10 564	11 956	12 449	13 161
Community and social services			3 640	3 908	4 561	6 583	7 701	7 701	7 706	7 953	8 404
Sport and recreation			-	-	-	-	-	-	-	-	-
Public safety			1 651	2 042	1 833	2 642	2 862	2 862	4 250	4 497	4 757
Housing			-	-	-	-	-	-	-	-	-
Health			-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>			1 493	2 499	2 379	9 615	7 362	7 362	9 867	10 439	11 045
Planning and development			-	-	91	2 480	3 189	3 189	3 694	3 909	4 135
Road transport			1 493	2 499	2 288	7 135	4 173	4 173	6 173	6 531	6 909
Environmental protection			-	-	-	-	-	-	-	-	-
<i>Trading services</i>			10 431	10 363	11 545	15 128	14 165	14 165	15 741	16 210	17 140
Electricity			10 189	10 103	11 339	14 242	13 537	13 537	14 828	15 288	16 165
Water			-	-	-	-	-	-	-	-	-
Waste water management			-	-	-	-	-	-	-	-	-
Waste management			242	260	206	886	628	628	913	922	976
<i>Other</i>		4	2 135	1 599	1 520	1 929	1 758	1 758	1 737	1 787	1 891
Total Expenditure - Standard		3	43 682	52 171	54 563	68 666	71 326	71 326	80 648	80 338	83 217
Surplus/(Deficit) for the year			8 521	15 408	21 663	19 284	19 725	19 725	22 772	19 628	26 240

KZN253 eMandlangeni - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN235 emadlangeni - Table A2: Budgeted Financial Performance (revenue and expenditure by standard classification)										
Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard										
<i>Municipal governance and administration</i>	1	37 585	52 274	60 224	66 941	69 787	69 787	78 871	73 794	81 467
Executive and council		13 989	15 625	17 467	21 017	21 017	21 017	23 572	25 281	26 447
Mayor and Council		13 989	15 625	17 467	21 017	21 017	21 017	23 572	25 281	26 447
Municipal Manager										
Budget and treasury office		23 595	36 648	42 755	45 922	48 767	48 767	55 296	48 509	55 016
Corporate services		1	1	1	2	4	4	4	4	4
Human Resources		1	1	1	2	4	4	4	4	4
Information Technology										
Property Services										
Other Admin										
<i>Community and public safety</i>		1 783	1 715	1 741	2 589	2 594	2 594	2 724	2 882	3 049
Community and social services		450	572	580	933	937	937	983	1 040	1 101
Libraries and Archives		10	6	5	5	5	5	5	5	6
Museums & Art Galleries etc										
Community halls and Facilities		409	518	548	875	879	879	923	976	1 033
Cemeteries & Crematoriums		31	48	27	53	53	53	56	59	62
Child Care										
Aged Care										
Other Community										
Other Social										
Sport and recreation										
Public safety		1 334	1 143	1 161	1 657	1 657	1 657	1 740	1 841	1 948
Police										
Fire										
Civil Defence										
Street Lighting										
Other		1 334	1 143	1 161	1 657	1 657	1 657	1 740	1 841	1 948
Housing										
Health		-	-	-	-	-	-	-	-	-
Clinics										
Ambulance										
Other										
<i>Economic and environmental services</i>		62	57	84	352	352	352	369	391	413
Planning and development		-	-	-	-	-	-	-	-	-
Economic Development/Planning										
Town Planning/Building										
Licensing & Regulation										
Road transport		62	57	84	352	352	352	369	391	413
Roads		62	57	84	352	352	352	369	391	413
Public Buses										
Parking Garages										
Vehicle Licensing and Testing										
Other										
Environmental protection		-	-	-	-	-	-	-	-	-
Pollution Control										
Biodiversity & Landscape										
Other										
<i>Trading services</i>	11 730	12 934	13 340	15 401	15 401	15 401	18 267	19 327	20 448	
Electricity	10 463	11 650	11 995	13 890	13 890	13 890	16 580	17 542	18 559	
Electricity Distribution	10 463	11 650	11 995	13 890	13 890	13 890	16 580	17 542	18 559	
Electricity Generation										
Water	-	-	-	-	-	-	-	-	-	
Water Distribution										
Water Storage										
Waste water management	-	-	-	-	-	-	-	-	-	
Sewerage										
Storm Water Management										
Public Toilets										
Waste management	1 266	1 284	1 346	1 511	1 511	1 511	1 687	1 785	1 888	
Solid Waste	1 266	1 284	1 346	1 511	1 511	1 511	1 687	1 785	1 888	
Other	1 043	598	837	2 667	2 917	2 917	3 188	3 573	4 080	
Air Transport										
Abattoirs										
Tourism	1 043	598	837	2 667	2 917	2 917	3 188	3 573	4 080	
Forestry										
Markets										
Total Revenue - Standard	2	52 203	67 578	76 226	87 950	91 051	91 051	103 420	99 966	109 457
Expenditure - Standard										
<i>Municipal governance and administration</i>	2	24 332	31 760	32 726	32 769	37 477	37 477	41 348	39 452	39 979
Executive and council		5 465	7 436	10 249	9 022	10 477	10 477	11 519	11 913	12 496
Mayor and Council		3 875	5 847	8 514	5 892	8 337	8 337	8 457	9 004	9 420
Municipal Manager		1 591	1 589	1 735	3 129	2 140	2 140	3 062	2 908	3 076
Budget and treasury office		15 375	20 707	17 781	18 319	20 713	20 713	22 579	19 875	19 375
Corporate services		3 491	3 617	4 695	5 429	6 287	6 287	7 249	7 665	8 109
Human Resources		3 491	3 617	4 695	5 429	6 287	6 287	7 249	7 665	8 109
Information Technology										
Property Services										
Other Admin										
<i>Community and public safety</i>	5 291	5 950	6 394	9 225	10 564	10 564	11 956	12 449	13 161	
Community and social services	3 640	3 908	4 561	6 583	7 701	7 701	7 706	7 953	8 404	
Libraries and Archives	137	265	206	386	438	438	432	457	483	

eMandlangeni Municipality

KZN253 eMdlalngeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Revenue by Vote	1									
Vote 1 - Governance and Administration		37 585	52 274	60 224	66 941	69 787	69 787	78 872	73 794	81 467
Vote 2 - Community and Public Safety		1 783	1 715	1 741	2 589	2 594	2 594	2 724	2 882	3 049
Vote 3 - Economic and Environmental Services		62	57	84	352	352	352	369	391	413
Vote 4 - Trading Services		11 730	12 934	13 340	15 401	15 401	15 401	18 267	19 327	20 448
Vote 5 - Other.		1 043	598	837	2 667	2 917	2 917	3 188	3 573	4 080
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	52 203	67 578	76 226	87 950	91 051	91 051	103 420	99 966	109 457
Expenditure by Vote to be appropriated	1									
Vote 1 - Governance and Administration		24 332	31 760	32 726	32 769	37 477	37 477	41 348	39 452	39 979
Vote 2 - Community and Public Safety		5 291	5 880	6 394	9 225	10 564	10 564	11 956	12 449	13 161
Vote 3 - Economic and Environmental Services		1 493	2 499	2 379	9 615	7 362	7 362	9 867	10 439	11 045
Vote 4 - Trading Services		10 431	10 363	11 545	15 128	14 165	14 165	15 741	16 210	17 140
Vote 5 - Other.		2 135	1 599	1 520	1 929	1 758	1 758	1 737	1 787	1 891
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	43 682	52 101	54 563	68 666	71 326	71 326	80 648	80 338	83 217
Surplus/(Deficit) for the year	2	8 521	15 478	21 663	19 284	19 725	19 725	22 772	19 628	26 240

KZN253 eMdlalangi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source												
Property rates	2		10 255	12 559	13 184	14 316	14 316	14 316	14 316	15 032	15 904	16 826
Property rates - penalties & collection charges			1 644	1 534	1 771	2 665	2 665	2 665	2 665	2 798	2 960	3 132
Service charges - electricity revenue	2		10 463	11 650	11 995	13 694	13 694	13 694	13 694	16 465	17 420	18 430
Service charges - water revenue	2		-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2		-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2		1 266	1 284	1 346	1 511	1 511	1 511	1 511	1 687	1 785	1 888
Service charges - other												
Rental of facilities and equipment			1 033	982	1 097	2 084	2 088	2 088	2 088	1 993	2 108	2 530
Interest earned - external investments			864	1 293	1 293	1 130	1 480	1 480	1 480	1 554	1 644	1 739
Interest earned - outstanding debtors												
Dividends received												
Fines			97	57	242	286	286	286	286	300	318	336
Licences and permits			1 248	1 097	947	1 339	1 340	1 340	1 340	1 427	1 510	1 598
Agency services												
Transfers recognised - operational			16 766	20 668	23 783	25 650	28 639	28 639	28 639	37 376	29 390	30 340
Other revenue	2		958	2 056	958	6 092	5 848	5 848	5 848	6 875	7 474	7 907
Gains on disposal of PPE												
Total Revenue (excluding capital transfers and contributions)			44 594	53 180	56 615	68 767	71 868	71 868	71 868	85 507	80 512	84 727
Expenditure By Type												
Employee related costs	2		14 004	14 952	18 240	23 252	20 511	20 511	20 511	25 918	27 220	28 758
Remuneration of councillors			1 691	1 755	1 854	1 999	1 920	1 920	1 920	3 172	3 356	3 551
Debt impairment	3		2 111	1 914	2 176	2 301	2 301	2 301	2 301	2 516	2 662	2 516
Depreciation & asset impairment	2		4 716	6 131	6 206	5 294	6 273	6 273	6 273	5 808	5 731	5 439
Finance charges			108	103	98	101	101	101	101	101	107	113
Bulk purchases	2		8 412	8 321	9 041	11 310	11 310	11 310	11 310	12 373	13 091	13 850
Other materials	8				1 981							
Contracted services			1 229	987	3 249	1 316	2 516	2 516	2 516	1 600	1 693	1 791
Transfers and grants			-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5		11 411	17 936	11 720	23 094	26 394	26 394	26 394	29 160	26 479	27 200
Loss on disposal of PPE												
Total Expenditure			43 682	52 101	54 563	68 666	71 326	71 326	71 326	80 648	80 338	83 217
Surplus/(Deficit)												
Transfers recognised - capital			912	1 079	2 052	101	542	542	542	4 859	174	1 510
Contributions recognised - capital	6		7 609	14 398	19 611	19 183	19 183	19 183	19 183	17 913	19 454	24 730
Contributed assets			-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions			8 521	15 478	21 663	19 284	19 725	19 725	19 725	22 772	19 628	26 240
Taxation												
Surplus/(Deficit) after taxation			8 521	15 478	21 663	19 284	19 725	19 725	19 725	22 772	19 628	26 240
Attributable to minorities												
Surplus/(Deficit) attributable to municipality			8 521	15 478	21 663	19 284	19 725	19 725	19 725	22 772	19 628	26 240
Share of surplus/ (deficit) of associate	7											
Surplus/(Deficit) for the year			8 521	15 478	21 663	19 284	19 725	19 725	19 725	22 772	19 628	26 240

KZN253 eMangaleni - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Governance and Administration		-	-	-	-	-	-	-	-	-	-
Vote 2 - Community and Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 3 - Economic and Environmental Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Trading Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Other		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Governance and Administration		8 045	13 519	20 431	11 196	8 097	8 097	8 097	13 922	9 454	9 730
Vote 2 - Community and Public Safety		34	1 612	627	-	2 316	2 316	2 316	100	-	-
Vote 3 - Economic and Environmental Services		-	-	62	3 700	2 180	2 180	2 180	650	-	-
Vote 4 - Trading Services		-	-	-	10 000	8 000	8 000	8 000	8 100	10 000	15 000
Vote 5 - Other		-	8	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		8 079	15 139	21 120	24 896	20 593	20 593	20 593	22 772	19 454	24 730
Total Capital Expenditure - Vote		8 079	15 139	21 120	24 896	20 593	20 593	20 593	22 772	19 454	24 730
Capital Expenditure - Standard											
Governance and administration		8 045	13 519	20 431	11 196	8 097	8 097	8 097	13 922	9 454	9 730
Executive and council		7 913	13 491	20 248	10 946	7 746	7 746	7 746	8 722	9 454	9 730
Budget and treasury office		132	28	-	-	201	201	201	4 750	-	-
Corporate services		-	-	183	250	150	150	150	450	-	-
Community and public safety		34	-	627	-	2 316	2 316	2 316	100	-	-
Community and social services		-	-	-	-	2 216	2 216	2 216	100	-	-
Sport and recreation		-	-	186	-	-	-	-	-	-	-
Public safety		34	-	441	-	100	100	100	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	1 612	62	3 700	2 180	2 180	2 180	650	-	-
Planning and development		-	-	62	-	-	-	-	450	-	-
Road transport		-	1 612	-	3 700	2 180	2 180	2 180	200	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	10 000	8 000	8 000	8 000	8 100	10 000	15 000
Electricity		-	-	-	10 000	8 000	8 000	8 000	8 100	10 000	15 000
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		9	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	8 087	15 131	21 120	24 896	20 593	20 593	20 593	22 772	19 454	24 730
Funded by:											
National Government		7 278	13 814	9 050	18 946	15 146	15 146	15 146	16 122	19 454	24 730
Provincial Government		-	-	186	-	300	300	300	4 600	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	7 278	13 814	9 236	18 946	15 446	15 446	15 446	20 722	19 454	24 730
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds	6	809	1 318	11 884	5 950	5 148	5 148	5 148	2 050	-	-
Total Capital Funding	7	8 087	15 131	21 120	24 896	20 593	20 593	20 593	22 772	19 454	24 730

KZN253 eMahlangueni - Table A6 Budgeted Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Current assets											
Cash		4 506	8 015	8 345	1 315	23 725	23 725	23 725	16 323	24 890	34 356
Call investment deposits	1	23 817	17 908	19 418	15 579	300	300	300	18 717	18 978	300
Consumer debtors	1	4 363	8 825	11 482	21 504	21 504	21 504	21 504	22 972	30 828	39 440
Other debtors		55	55	1 550	55	55	55	55			
Current portion of long-term receivables											
Inventory	2										
Total current assets		32 741	34 804	40 795	38 454	45 584	45 584	45 584	58 012	74 697	74 096
Non current assets											
Long-term receivables											
Investments		45 725	44 432		41 737						
Investment property				43 889		41 737	41 737	41 737	41 236	39 814	38 509
Investment in Associate											
Property, plant and equipment	3	45 657	55 698	71 932	94 580	93 601	93 601	93 601	106 416	122 127	143 322
Agricultural											
Biological											
Intangible		260	118	367	-	372	372	372	409	443	213
Other non-current assets		1 490	1 490	1 490	1 490	1 490	1 490	1 490	1 490	1 490	1 490
Total non current assets		93 132	101 737	117 677	137 807	137 200	137 200	137 200	149 551	163 874	183 534
TOTAL ASSETS		125 873	136 541	158 473	176 261	182 784	182 784	182 784	207 564	238 571	257 630
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	45	125	130	52	52	52	52	52	52	52
Consumer deposits		144	150	164	180	180	180	180			
Trade and other payables	4	16 476	10 761	10 709	16 960	20 999	20 999	20 999	7 273	7 267	7 949
Provisions		966	1 391	1 467	1 619	1 619	1 619	1 619	1 707	1 837	1 965
Total current liabilities		17 630	12 426	12 470	18 811	22 850	22 850	22 850	9 033	9 157	9 966
Non current liabilities											
Borrowing		914	863	808	811	811	811	811	703	651	598
Provisions		6 721	7 166	7 505	7 898	7 898	7 898	7 898	8 273	8 689	9 130
Total non current liabilities		7 635	8 029	8 313	8 709	8 709	8 709	8 709	8 976	9 340	9 728
TOTAL LIABILITIES		25 265	20 455	20 783	27 520	31 559	31 559	31 559	18 009	18 497	19 694
NET ASSETS	5	100 608	116 086	137 690	148 741	151 225	151 225	151 225	189 555	220 073	237 936
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		100 608	116 086	137 690	148 741	151 225	151 225	151 225	189 555	220 073	237 936
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	100 608	116 086	137 690	148 741	151 225	151 225	151 225	189 555	220 073	237 936

KZN253 eMahlangueni - Table A7 Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		17 703	11 253	10 940	11 038	11 038	11 038	11 038	17 830	18 864	19 958
Service charges				13 340	8 631	8 631	8 631	8 631	18 152	19 205	20 318
Other revenue		5 657	14 611	1 339	3 709	3 966	3 966	3 966	10 595	11 410	12 372
Government - operating	1	16 706	18 318	30 247	25 650	27 650	27 650	27 650	37 526	29 390	30 340
Government - capital	1	10 461	9 932	9 050	19 183	19 183	19 183	19 183	17 913	19 454	24 730
Interest		864	1 293	1 293	1 130	1 480	1 480	1 480	1 554	1 644	1 739
Dividends									-	-	-
Payments											
Suppliers and employees		(35 766)	(43 217)	(42 297)	(51 224)	(49 544)	(49 544)	(49 544)	(65 124)	(67 728)	(71 178)
Finance charges		(108)	(103)	(98)	(101)	(101)	(101)	(101)	(101)	(107)	(113)
Transfers and Grants	1								(7 249)	(4 110)	(3 970)
NET CASH FROM/(USED) OPERATING ACTIVITIES		15 518	12 087	23 815	18 016	22 302	22 302	22 302	31 095	28 021	34 196
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			616						-	-	-
Decrease (increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments		(8 554)	5 909						-	-	-
Payments											
Capital assets		(8 105)	(15 131)	(22 225)	(23 651)	(25 991)	(25 991)	(25 991)	(22 772)	(19 454)	(24 730)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(16 659)	(8 607)	(22 225)	(23 651)	(25 991)	(25 991)	(25 991)	(22 772)	(19 454)	(24 730)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits						3	3	3	-	-	-
Payments											
Repayment of borrowing		(41)	29	(51)	(52)	(52)	(52)	(52)	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(41)	29	(51)	(52)	(49)	(49)	(49)	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(1 182)	3 509	1 540	(5 688)	(3 738)	(3 738)	(3 738)	8 323	8 567	9 466
Cash/cash equivalents at the year begin:	2	5 688	4 506	25 924	7 000	25 924	25 924	25 924	8 000	16 323	24 890
Cash/cash equivalents at the year end:	2	4 506	8 015	27 463	1 312	22 186	22 186	22 186	16 323	24 890	34 356

KZN253 eMahlangueni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	4 506	8 015	27 463	1 312	22 186	22 186	22 186	16 323	24 890	34 356
Other current investments > 90 days		23 817	17 908	300	15 582	1 839	1 839	1 839	18 717	18 978	300
Non current assets - Investments	1	45 725	44 432	-	41 737	-	-	-	-	-	-
Cash and investments available:		74 048	70 356	27 763	58 631	24 025	24 025	24 025	35 041	43 868	34 656
Application of cash and investments											
Unspent conditional transfers		11 562	4 745	1 893	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(492)	(2 377)	(1 964)	(689)	790	790	790	(15 699)	(23 561)	(31 491)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		11 070	2 368	(71)	(689)	790	790	790	(15 699)	(23 561)	(31 491)
Surplus(shortfall)		62 978	67 987	27 834	59 321	23 235	23 234	23 234	50 740	67 429	66 147

PART 2 – SUPPORTING DOCUMENTATION

6 OVERVIEW OF BUDGET PROCESS

6.1 Political Oversight of Budget Process

The concept of political oversight over the budget process is of paramount importance and it is crucial to ensuring that strategy informs budget.

The political oversight role of the Mayor is contained in Section 53 (1)(a) and (b) of the Municipal Finance Management Act (MFMA). It requires that the Mayor must provide political guidance over the budget process and the priorities that guide the preparation of the budget. It further requires that the Mayor co-ordinate the revision of the IDP and the preparation of the annual budget and to determine how the IDP is to be taken into account for the purpose of the budget.

The demands on the Municipality to address service delivery backlogs and to improve service delivery to all of its citizens, within current financial resources, are challenging. Political oversight of the budget process is therefore essential to ensure that the priorities of the municipality are addressed through budget allocations.

6.2 Schedule of key deadlines relating to budget process

One of the objectives of the budget timetable is to ensure the development of IDP and the budget and also to ensure that a balanced budget is tabled for consideration and approval. The timetable schedule for the compilation of the 2016/17 budget cycle was approved by Council during August 2015 in compliance with the MFMA

The following is a detailed key deadlines relating to the budget process:

EMADLANGENI MUNICIPALITY - IDP/BUDGET PROCESS PLAN : 2016/2017				
		ACTION	PURPOSE	TARGET
1		Provisional planning of IDP, Budget, PMS Process	To align IDP & Budget processes	Mid July 2015
		- Workshop Preliminary Plan with ManCo for comment – MANCO		11 August 2015
		Portfolio Committee		12 August 2015
		- Discussion of Process Plan with Mayor		03 August 2015
2		Finalise Budget & IDP Process Plan	To determine responsibilities, role players, budget priorities, principles and budget framework	Mid August 2015
		- Plan approved by Council		04 August 2015
		- Workshop Representative Forum		21 August 2015
		Workshop Ward Committees		19/20 August 2015
		- Plan workshopped with Council		26 August 2015
		- Plan approved by Council		26 August 2015
		Workshop Extended ManCo		30 September 2015

3		Review Current Reality and Strategies - IDP		31 August 2015
	(a)	- Evaluation of changed circumstances	To inform Status Quo	
		- Evaluation of Comments from MEC's Office and Public for the 2009/10 IDP Review	To highlight areas of priority as per MEC's Office	Mid August 2015
		- Assessment of sector plans	To identify gaps for alignment with IDP	End August 2015
		- Evaluation of National and Provincial Programmes	To ensure alignment with other spheres of government	End August 2015
	(c)	Prepare a Consolidated IDP Status quo and Strategies Report		Mid October 2015
4	(a)	Development of budget guidelines for:	To determine spending levels.	30 September 2015
		Increase of Budget (National Treasury)	To set criteria for the budget.	30 September 2015
		Increase in remuneration.	To determine levels of income	30 September 2016
		Determination of impact of economic trends on levels of service	To evaluate existing tariffs	30 September 2015
		Review Budget Related Policies: - Credit Control, Indigent, Investment, Borrowing Grant Policies		30 September 2015
		Determine Subsidies and Grants	Use MTEF	30 September 2015
		Contribution to: Bad Debts and other Reserves		30 September 2015
		Determine increase in bulk purchases		30 September 2015
		Level Of Cross Subsidisation		30 September 2015
		Filling Of Vacancies		30 September 2015
		Alignment of budget to IDP(Action Plan) in line applied prioritisation model		30 September 2015
		Alignment of guidelines to Financial Plan		30 September 2015
	(b)	Internal Consultation and Approval on Budget Guidelines & Templates		31 October 2015
	[i]	Workshop Manco	To obtain input from MANCO	05 October 2015
		Workshop and approval Portfolio Committee (Finance)		14 October 2015
		Approval from Council		28 October 2015
	(c)	Development of Mid Year Review , Budget, PMS, Cashflow templates	To ensure standardised templates to include mid year review and 2016/16 Draft Budget	31 October 2015
	[I]	Budget/Operating and Capital cashflow templates		31 October 2015
	[II]	Organisational Score-card & SDBIP		31 October 2015
6		PROJECT PRIORITISATION PROCESS		31 October 2015
		Determine and prioritise Projects as per identified community and institutional needs	Apply prioritisation Model as per Financial Plan	31 October 2015

7		MID YEAR ASSESSMENT (BUDGET/PMS)		
	(a)	Mid Year Budget, Templates forwarded to all Departments	Mid Year performance review to be based on Actuals as at 31 October 2014	06 November 2015
	[i]			
	[ii]	One on One Meetings with Departments	To assist departments in compiling Mid Year Review	9-13 November 2015
	[iii]	Submission of Mid Year Assessment by Directors		20 November 2015
	[iv]	Consolidate input from Departments		04 December 2015
	[v]	One on One Meetings with Departments	TO evaluate submissions received	07 -11 December 2015
		Confirmation of possible roll-overs for 2015/16 Capital budget with one-on-one meetings	Evaluate cash flow projections on capital budget and confirm possible roll-overs	9- 13 November 2015
	(b)	Submission of Mid Year SDBIP's by Directors	Mid year Performance to be based on Actual as at 30 November 2009	07 December 2015
	[i]			
	[ii]	Mid Year Performance Evaluations	To carry out informal evaluation of S57s' performance agreements	09-11 December 2015
	[iv]	Submission of SDBIP's to Internal Audit	To carry out audit on performance measures	18 December 2015
	[v]	Audit Committee Recommendations	Audit Committee to consider Mid Year Budget and Organisational Performance and submit recommendations to EXCO	Mid January 2016
	(d)	Workshop Manco on Mid Year Review and budget adjustment		18-19 January 2016
		2016/17 Mid Year Assessment Council for approval and Budget Adjustment		25 January 2016
8		Draft IDP Review , Budget and PMS 2016/17		
	(a)	Budget, SDBIP Templates (Including Budget Guidelines) forwarded to all SED's	Mid Year performance evaluation to be based on Actuals as at 31 October 2016	23 November 2015
	[i]			
	[ii]	Workshop Extended Manco on 2016/17 Budget Templates		23 November 2015
	[iii]	Submission of Draft Budget and SDBIP's		January 2016
	[iv]	Consolidate input from Departments		31 January 2016
	[iii]	One on One Meetings with Departments	TO evaluate submissions received	01-05 February 2016
	(d)	Workshop Manco on Draft 2015/16 IDP and Budget and PMS		29 March 2016
		Approve Draft Budget /IDP/PMS		30-March-2016
		Tabling of Draft IDP/Budget/PMS		30 March 2016
9		Review and/or Development of Sector Plans – IDP		01 December 2015
	(a)	- Sector plan development/Review	High Priority Sector Plans to be given preference	July 2015 - November 2015
	(b)	- Incorporation of Sector Strategies into SDBIP's and Budget		01 December 2015

10		Compilation of Budget Documentation		
		Finalise Budget Document Format	Realign to NT guidelines and	12 February 2016
		Completion of the budget documentation	As per National Treasury Budget Guidelines	19 February 2016
		Compilation of Mayor's Speech		19 February 2016
11		Community Consultation Process		
	(a)	Advertise the availability of the Tabled Annual Budget, IDP and SDBIPS and place on website	To ensure public participation.	
		Finalisation and Distribution of Budget/IDP		05 March 2016
		Advertise for public submissions of the budget & dates for hearings		05 March 2016
		Public Participation	Road Shows	April 2016
	(b)	Public Submissions to the Tabled Budget and IDP Review		
		Collation and translation of Submissions		April 2016
		Circulate submissions for comment to CFO/IDPM/relevant departments	To obtain response to submissions	April 2016
		Council to consider written submissions		May 2016
		IDP/Budget /PMS revision after public hearing process		May 2016
12		Approval of Final Budget / IDP review/SDBIP's by Council		30 May 2016
	(b)	Annual budget, related policies, PMS,SDBIP's & documents placed on website and at all municipal offices	Compliance With Legislation	05 June 2016
		Submit electronic reports to National Treasury on tabled budget		01 June 2016
		Submission of IDP Review and Performance Agreements to MEC LG		10 May 2016
		Finalise Performance Agreements for S57's		End June 2016

6.3 Process for Consultations with Stakeholder Groups and Outcomes [MFMA 21(1)(b)]

Section 22 of the MFMA requires that after tabling of the annual budget in Council, the municipality must make public the draft budget and also invite the local communities to submit representations thereon. Accordingly the tabling of this draft budget in the Council on 30 March 2016 will be followed by the following activities:

- Draft budget will be submitted to Provincial and National Treasuries.
- Roads shows/Public participation will be conducted
- The advertisement to invite members of the public to comment on the budget will be placed in newspapers. The Draft budget document will be generally distributed to libraries and other municipal offices to allow the wide invitation of comments and representations to the draft budget.
-

OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

An Integrated Development Plan (IDP) is a strategic plan for how the Emadlangeni Municipality will allocate its resources for the next five years to address the priority needs of its communities. It is a plan to help us set our budget priorities, and to guide sector departments in compiling its Medium Term Expenditure Framework.

The IDP will therefore form an agreement with the Municipality and the community on what, how and when projects and programmes will be implemented and how it will be monitored.

It is a Plan for the entire municipal area and summarises the interventions of all spheres of government aligning our local plans with National and Provincial priorities. Whilst the needs identified by communities far exceeds the available resources, the attempts to inform the medium terms budget allocations and priorities to be funded from Nationally raised revenue.

The IDP therefore outlines key areas where we must intervene and focus our resources in order to achieve the developmental mandate of local government.

This strategic plan must also inform municipal decision making as well as business processes of the Municipality.

The IDP adopted in 2012 remains the principle IDP document and it is in its final year. Of importance is that the IDP,PMS and budget processes, (whilst these are distinct processes),are integrally linked processes which must be co-ordinated to ensure that the related policies and tabled budget are mutually consistent and credible.

The approach therefore of the Financial plan is to take into account the Newcastle Municipalities contribution to ensure that service delivery priorities as listed below take the following into account for the development of a realistic Capital Investment Program:

- Backlog eradication
- Rehabilitation of infrastructure
- Maintenance on assets
- New Infrastructure taking into account development demands and trends

This process is expected to be finalised by May 2016.

How will our Progress be measured? Performance Management

The strategic objectives in the Integrated Development Plan (IDP) should inform the budget and the Performance Management System. This in turn unpacks into an SDBIP which give effect to the IDP and the budget. The SDBIP sets information on performance indicators, quarterly service delivery targets and monthly budget targets. Managers are required to report monthly and quarterly basis against the targets and Council can then monitor performance of the municipality against the quarterly targets on service delivery.

This is in line with the approved PMS Framework. Furthermore the MSA and related regulations for Top management (section 56's) must have in place a performance agreement that is aligned to the IDP and PMS. The SDBIP usually is the basis for the development of a Performance plan for a section 56 employee and the monitoring and reporting and evaluation is carried out in terms of relevant regulations. A performance bonus may be paid on formal evaluation through a Panel constituted for this purpose – EVALUATION PANEL and only on adoption of the Annual Report for the year in question.

A PMS calendar has been developed to assist managers in measuring progress. It is also imperative that both the Council play an oversight role in this regard. Furthermore, it is necessary for public participation processes to be streamlined to allow for community input into the performance management process to ensure that the goals as set in the IDP are achieved.

8. MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Emadlangeni Local Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The composition of the Municipality's debt is one annuity loan which was obtained to fund the Municipal Offices. The following financial performance indicators have formed part of the compilation of the 2016/17 MTREF:

Borrowing to asset ratio

This ratio is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the years, as repayments are made and there are no intentions of increasing the borrowing levels in the short term.

Capital charges to operating expenditure

This is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has been rather flat at less than 1% since 2009/2010, this is attributed to prudence of the municipality by living within its means, therefore, and limiting borrowings as the revenue streams of the municipality are limited.

Borrowing funding of own capital expenditure

Measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. As alluded to above, due to size and geographical location of the municipality its revenue sources are limited hence the ability to fund capital expenditure out of own revenue is very minimal.

Safety of Capital

The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. The municipality has one annuity loan and the level of borrowing is relatively negligible.

The gearing ratio is a measure of the total long term borrowings over funds and reserves. This ratio has been flat and immaterial as the municipality's debt level is very low.

Liquidity

Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2015/16 MTREF the current ratio is 1.8, 2.0 and 2.1 respectively for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2015/16 financial year the ratio was 1.8 and as part of the financial planning strategy it has been decreased from 2.8 in 2013/14 to 1.8 in 2015/16

financial year. This needs to be monitored at all times as meeting current obligations is critical for the municipality and service delivery.

Revenue Management

As part of the financial sustainability efforts, an aggressive revenue management framework is been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the efforts is to enhance the cash flow position of the Municipality.

Creditors Management

The Municipality is doing its level best to ensure that creditors are settled within the legislated 30 days of invoice. The benefits which will accrue are a favourable impact on suppliers' perception of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders.

Other Indicators

The electricity distribution losses continue to be a perennial problem for the Municipality. With the expected electricity tariff hikes we envisage the losses to increase to 19% in 2016/2017. Nevertheless, efforts are being made to manage illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.

Employee costs as a percentage of operating revenue continues to continue to be a challenge over the MTREF as the revenue sources of the Municipality are limited. However, the ratio is within the expected norm of between 31 to 35%.

Repairs and maintenance as percentage of total operational budget is budgeted at 8% (R 6 063 311) in 2016/2017 owing to the aging of the assets.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account

Insert Table SA8 Performance indicators and benchmarks

KZN253 eMahlangueni - Supporting Table SA8 Performance indicators and benchmarks

KZN253 emalahleni - Supporting Table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0,3%	0,1%	0,3%	0,2%	0,2%	0,2%	0,2%	0,1%	0,1%	0,1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0,5%	0,2%	0,4%	0,4%	0,4%	0,4%	0,4%	0,2%	0,2%	0,2%
Borrowed funding of 'own'n' capital expenditure	Borrowing/Capital expenditure ex.cl. transfers and grants and contributions	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	1,9	2,8	3,3	2,0	2,0	2,0	2,0	5,6	7,3	6,7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1,9	2,8	3,3	2,0	2,0	2,0	2,0	5,6	7,3	6,7
Liquidity Ratio	Monetary Assets/Current Liabilities	1,6	2,1	2,2	0,9	1,1	1,1	1,1	3,0	4,0	2,7
<u>Revenue Management</u>											
Annual Debtors' Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		74,9%	41,6%	100,8%	61,1%	61,1%	61,1%	61,1%	100,0%	100,0%
Current Debtors' Collection Rate (Cash receipts % of Ratepayer & Other revenue)		74,9%	41,6%	100,3%	61,1%	61,1%	61,1%	61,1%	100,0%	100,0%	100,0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	9,9%	16,7%	23,0%	31,4%	30,2%	30,2%	30,2%	26,8%	38,3%	46,5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		74,0%	62,1%	36,3%	862,1%	58,6%	58,6%	58,6%	82,9%	41,9%	29,7%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	31,4%	28,1%	32,2%	33,8%	28,8%	28,8%	28,8%	30,3%	33,8%	33,9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	35,0%	36,0%	0,0%	36,7%	0,0%	0,0%		0,0%	0,0%	0,0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2,6%	1,1%	0,0%	11,0%	0,0%	0,0%		0,0%	0,0%	0,0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	10,8%	11,7%	11,1%	7,8%	8,2%	8,2%	8,2%	6,9%	7,3%	6,6%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	22,0	29,1	27,8	28,1	28,1	28,1	28,1	29,3	29,4	31,3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	17,9%	31,7%	44,3%	62,9%	62,9%	62,9%	62,9%	60,5%	76,7%	92,1%
iii. Cost coverage	(Av ailable cash + Investments)/monthly fixed operational expenditure	1,7	2,7	7,1	0,3	5,4	5,4	5,4	1,8	3,5	5,2

9. OVERVIEW OF BUDGET RELATED POLICIES OVERVIEW AND AMENDMENTS

The Municipality's budget is guided and governed by relevant legislation and budget related policies. The main purpose of budget related policies is to guide the budget process and inform the projections of the medium-term budget.

The following budget related policies, which have been approved by Council or currently under review, are currently in force to ensure an informed smooth budgetary process and financial management of the Municipality in line with the Municipal Finance Management Act, other relevant legislation and Accounting Standards.

9.1 Tariff Policy

This policy is currently being reviewed in terms of section 74 of the Local Government Municipal Systems Act and the draft will be considered as part of the draft budget to be tabled at Council on 30 March 2016.

9.2 Assessment Rates Policy

Section 3(1) of the Local Government Municipal Rates Act, 6 of 2004, and sections 62(1) of the MFMA determines that a municipality must adopt and implement a rates policy on the levying of rates on rateable properties. The policy was approved by Council in October 2012. This policy is reviewed annually. .

9.3 Credit Control and Debt Collection Policy

This policy is currently being reviewed and the draft will be considered as part of the draft budget to be tabled to Council on 30 March 2016. The policy was not amended.

9.4 Supply Chain Management Policy

This policy is currently being reviewed and the draft will be considered as part of the draft budget to be tabled to Council on 30 March 2016.

9.5 Cash and Investment Management Policy

This policy was approved by Council in October 2012 as required by the MFMA. It was considered unnecessary to further amend the policy during the current budget process.

9.6 Asset Management and Accounting Policy

This policy was approved by Council in October 2012 as required by the MFMA. It was considered unnecessary to further amend the policy during the current budget process. The Budget and Treasury Office is currently busy working on the deficiencies identified by internal auditors, which might result in the Asset Management Policy being reviewed.

9.9 Leave Policy

The Leave policy, which has budgetary implications on employee related costs, was reviewed and adopted by Council in October 2012.

10 BUDGET ASSUMPTIONS

10.1 General Inflation Outlooks and its Impact

The global economy growths are weakening subsequent to weak growth post the US subprime mortgage crisis in prior years. This global financial crisis was followed by a recession, debt crisis and a general slowdown in world economy. This necessitated various stimulus programmes to resuscitate the major global economies. A marked improvement as evidenced by the performance of major global stock markets. China which had phenomenal growth in recent times has also slowed down. The budget deficit has widened and the balance of payments is not favourable, this with other factors has resulted in significant depreciation of the Rand against major currencies.

Emadlangeni Municipality, like and any other business organisation, is still subject to the impact from the global crisis as well as related ripple effects from the high unemployment rates which characterizes the local economy. The recent hikes in, to mention a few, electricity bulk purchases, fuel and the massive depreciation of the rand in recently could not be viewed in isolation of the Municipality. Emadlangeni is not insulated from the effects of the above mentioned economic metrics, therefore, the impact is negative on the Municipality residents and the 2016/17 budget.

10.2 Budget Guidelines

The following are some of the budget percentage increases and assumptions used in preparing 2015/2016 medium-term budget:

Item Description	2015/2016	2016/2017
Assessment Rates	5%	Remain unchanged
Electricity tariffs	12.2%	12.2%
Refuse tariffs	4.8%	4.0%
Salaries and allowances	4.4%	7.0%
Councillors Remuneration	4.4%	7.0%
Electricity Bulk Purchases	14.24%	16%
General Expenses	4.8%	5.0%

DEBTORS AND CASHFLOW ASSUMPTIONS

Assumptions- Collection rates

- **Property rates – Collection rate -65%**
- **Electricity Collection rate- 75%**
- **Refuse collection rate-65%**

Debt impairment Assumptions

- **2015/16 - 47% of Gross Debtors Impaired.**
- **2016/17 -43% of Gross Debtors impaired**
- **2017/18 - 40% of Debtors Impaired**

Debt impairment is expected to decrease downwards as collection rates improve with time as By-laws have now been finalised to enforce robust debt and credit control policy.

Long term Liability

- **Capital and Interest repayments are done half yearly in December and June every year.**

TRADE AND OTHER PAYABLES AND CASHFLOW ASSUMPTIONS

- **Payment rate –Creditors 80%**
- **Payment rate-Employee costs-100%** (Except for third party deductions expected to paid in the following month.
- **Finance Charges Payment rate- 100%**
- **Capital Expenditure Payment rate- 95%**
- **Grant expenditure payment rate-100%**
- **Bulk Purchases Payment rate-92%**

Grants

Unspent grants are expected to be fully spent in the respective year received ie there no rollovers or unspent grants at the end of each financial year.

Depreciation

Assets are depreciated on a straight line basis. The useful life varies between 7-50 years. Depreciation commences when the asset is ready for use.

Property rates

The new valuation roll is implemented the current valuation on the 1st of July 2013. Property rates are to be hiked by 4.0%

11. OVERVIEW OF BUDGET FUNDING

11.1 Financial Performance Current Year 2015/2016

The Mid Year Budget and Performance Review budget were tabled in Council in January 2016. It was recommended that an adjustments budget be undertaken, which adjustment budget was adopted by Council in the month of February 2016.

11.2 Funding of the 2016/17 Medium-term Budget

The projected operational expenditure for the 2016/2017 financial year amounts to **R80, 798, 055** and will be funded from Property Rates, National and Provincial grants, other sources of own revenue . The property rates income contributes **R17,829 833**, the revenue for electricity and refuse removal amounts to **R16,464,859** and **R1, 686,843** respectively and with an amount of **R37,526,000** funded by the National & Provincial transfers and grants. The balance is funded by other sources of revenue for instance Rental of municipal property, revenue from Balele Game Park. The Municipality has cash reserves over R8 million held in money short term investment accounts. Therefore, operational deficit if they arise can be funded by the available cash resources.

Emadlangeni Local Municipality has a tariff of charges that determines the most acceptable and equitable funding mechanism, this includes the consideration of the actual cost of service delivery of services, budget priorities as well as the relevant legislation and regulations and policy guidelines. The main source of own revenue is derived from the property rates, electricity and refuse with the fiscal transfers more so the equitable share constituting the largest funding source as highlighted above

The summary of tariff increases for 2016/2017 is as follows:

		<u>2015/16</u>
➤ Rates	:	3.0%
➤ Electricity	:	12.2%
➤ Refuse removal services	:	4.0%

Increases in the individual tariffs applicable to the above services are detailed in annexure A of this document,

The following issues were the challenges in the appropriation of funds when preparing the 2016/17 draft budget:

- Determination of rates revenue due to supplementary valuations, appeals and objections
- Determining the optimal tariff structure for refuse and Property rates to enable service delivery and provide value for money for residents
- Initiatives to improve the current payment factor
- Requirement with regard to upgrading and maintenance of existing roads and other assets
- Departmental requirements regarding the filling of critical and vacant positions not previously budgeted for.
- Provision for depreciation and impairment of assets, taking into cognisance that GRAP standards has been fully implemented

11.3 Funding of 2016/17 Medium-term Capital Budget

In line with section 18 of the MFMA, the capital budget has been funded from the following funding sources:

The 2016/2017 Infrastructure expenditure amounting to **R20,6 million** is to be funded from the Municipal Infrastructure Grant and the Rural Electrification Grant which are national Grants and small town rehabilitation grant. Internally generated revenue will contribute R2.050 million to wards capital expenditure. During the 2016/2017 financial year Council will strive to enhance its cash inflow processes so as to strive to prioritize the allocation of any savings to infrastructure projects in order to invest in the income generating infrastructure assets as well as address the large infrastructure backlog in the communities

11.4 Investments

The following investments exist for Emadlangeni Municipality. Interest received on external investments (R1 553 974) will boost the operating revenue.

Investment Particulars

Investments table

KZN253 eMadlangeni - Supporting Table SA15 Investment particulars by type

REN235 emalahlangeni - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		23 817	17 908	19 418	15 579		300	18 717	18 978	300
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	23 817	17 908	19 418	15 579	-	300	18 717	18 978	300
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		23 817	17 908	19 418	15 579	-	300	18 717	18 978	300

11. EXPENDITURE ON GRANT ALLOCATION PROGRAMMES

EXPENDITURE ON GRANT ALLOCATIONS PROGRAMMES

In terms of the DORA 2016 the purpose of the grants which have been allocated to Emadlangeni Municipality for the EMTF are:

11.1 Financial management Grant

The purpose of the FMG is to promote and support reforms in the Budget and Treasury Office building the capacity in the municipalities to implement the MFMA, with the following measurable outputs

- Improved and sustained skills development including an internship programme in the BTO
- Upgrading of the IT system to deliver reports which enhance and improve reporting and the quality of data
- Preparation and implementation of supply chain reforms, accounting reforms, producing quality and timely financial statements
- Preparation of financial recovery plans
- Progressive improvements in audit outcomes
- Improvements to internal and external reporting on budgets, finances, SDBIP and annual Reports
- Implementation of the MFMA

11.2 Municipal Systems Improvement Grant

The purpose of the MSIG is to assist municipalities in building in-house capacity in order to perform their functions and to stabilize institutional and governance systems as required by the Local Government Municipal Systems Act of 2000 and related legislation and policies.

MIG

Measurable Outputs

- Updating of policies and by-laws, development and maintenance of the valuation roll in terms of the Municipal Property Rates Act 2004
- Improving on financial viability and management through targeted support interventions for improvement of municipal audit outcomes and system
- Strengthening of administrative systems or effective implementation of ward participation system
- Implementation of by-laws, policies, systems that support local government legislation.

11.3 Municipal Infrastructure Grant

The purpose of the grant is intended for the provision of capital finance for basic municipal infrastructure for the poor households, micro enterprise and social institutions. It is also for provision for new rehabilitation and upgrading of municipal infrastructure, eradicate the bucket sanitation system

Measurable outputs

- Number of new households receiving basic services per annum

- Number of additional kilometres of roads constructed and developed
- Number of sporting facilities constructed and developed
- Number of jobs created using Expanded Public Works Programme (EPWP)
- Number of households where the bucket system has been replaced with an alternative System

11.4 Municipal Property Rates

The purpose of this grant is intended for the updating, maintenance of the valuation roll as well as the implementation of the property rates act and the respective by –laws.

11.5 Provincialisation of Libraries

The purpose of this grant is to address the constitutional mandate whereby public libraries are an exclusive provincial mandate. The funding will be for staffing costs in public libraries, currently administered by local authorities.

11.6 Community Libraries

The purpose of this grant is to provide access to modern day technology and information resources as well as to provide relevant collections of material in libraries which meet the needs of the communities.

11.7 Community Participation in IDP's

To advance community participation in Integrated Development Plans.

11.8 EPWP Grant

To provide expanded public works programme incentive funding to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised.

11.9 ELECTRIFICATION GRANT

To implement the integrated National Electrification Programme by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.

KZN253 eMahlangu - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		16 289	19 047	21 636	24 777	24 777	24 777	26 681	27 181	28 602
Local Government Equitable Share		13 989	15 507	17 467	21 017	21 017	21 017	23 572	25 281	26 447
Finance Management		1 500	1 650	1 800	1 800	1 800	1 800	1 825	1 900	2 155
Municipal Systems Improvement		800	890	1 369	930	930	930			
EPWP Incentive		-	1 000	1 000	1 030	1 030	1 030	1 284		
Other transfers/grants [insert description]										
Provincial Government:		150	675	2 986	150	2 873	2 873	738	771	810
Sport and Recreation		150	150	750	150	150	150	-	-	-
Sport and Recreation			525	1 575		723	723	738	771	810
Provincial Government: Library Grant				661						
Small town Rehabilitation						2 000	2 000			
District Municipality:		-	200	-	-	-	-	-	-	-
Community Participation IDP			200	-						
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	16 439	19 922	24 622	24 927	27 650	27 650	27 419	27 952	29 412
Capital Transfers and Grants										
National Government:		10 461	15 432	17 050	19 183	20 172	20 172	17 913	19 454	24 730
Municipal Infrastructure Grant (MIG)		10 461	9 932	9 050	9 183	10 172	10 172	8 913	9 454	9 730
National Electrification Grant			5 500	8 000	10 000	10 000	10 000	9 000	10 000	15 000
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
Community Participation IDP										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	10 461	15 432	17 050	19 183	20 172	20 172	17 913	19 454	24 730
TOTAL RECEIPTS OF TRANSFERS & GRANTS		26 900	35 354	41 672	44 110	47 822	47 822	45 332	47 406	54 142

KZN253 eMadlangeni - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		16 289	18 499	21 637	24 777	24 777	24 777	26 681	27 181	28 602
Local Government Equitable Share		13 989	15 507	17 467	21 017	21 017	21 017	23 572	25 281	26 447
Finance Management		1 500	1 538	1 800	1 800	1 800	1 800	1 825	1 900	2 155
Municipal Systems Improvement		800	455	1 369	930	930	930			
EPWP Incentive			1 000	1 000	1 030	1 030	1 030	1 284		
Other transfers/grants [insert description]										
Provincial Government:		150	3 024	2 909	873	2 873	2 873	738	771	810
Sport and Recreation		150	3 024	371	150	150	150			
Sport and Recreation				1 561						
Provincial Government: Library Grant				978	723	723	723	738	771	810
Small town Rehabilitation						2 000	2 000			
District Municipality:		-	-	200	-	-	-	-	-	-
Community Participation IDP				200						
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants		16 439	21 523	24 746	25 650	27 650	27 650	27 419	27 952	29 412
Capital expenditure of Transfers and Grants										
National Government:		10 461	13 848	18 050	19 183	20 172	20 172	17 913	19 454	24 730
Municipal Infrastructure Grant (MIG)		10 461	9 932	9 050	9 183	10 172	10 172	8 913	9 454	9 730
National Electrification Grant			3 916	9 000	10 000	10 000	10 000	9 000	10 000	15 000
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
Community Participation IDP										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		10 461	13 848	18 050	19 183	20 172	20 172	17 913	19 454	24 730
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		26 900	35 371	42 796	44 833	47 822	47 822	45 332	47 406	54 142

KZN253 eMahlangueni - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts					24 777	24 777				
Conditions met - transferred to revenue		-	-	-	24 777	24 777	-	-	-	-
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts					873	2 873				
Conditions met - transferred to revenue		-	-	-	873	2 873	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		-	-	-	25 650	27 650	-	-	-	-
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts					19 183	20 172				
Conditions met - transferred to revenue		-	-	-	19 183	20 172	-	-	-	-
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	-	-	19 183	20 172	-	-	-	-
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		-	-	-	44 833	47 822	-	-	-	-
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

12. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

As per the attached Annexure B- SA22, SA23 and SA24

KZN253 eMahlangu - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		1 691	1 755		1 999					
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		1 691	1 755	-	1 999	-	-	-	-	-
% increase	4		3,8%	(100,0%)	-	(100,0%)	-	-	-	-
Senior Managers of the Municipality	2									
Basic Salaries and Wages		2 843	2 438		4 257					
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus					-					
Motor Vehicle Allowance	3									
Cellphone Allowance	3				59					
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		2 843	2 438	-	4 317	-	-	-	-	-
% increase	4		(14,2%)	(100,0%)	-	(100,0%)	-	-	-	-
Other Municipal Staff										
Basic Salaries and Wages		8 247	10 604		15 385					
Pension and UIF Contributions		809	106		1 317					
Medical Aid Contributions		455	575		689					
Overtime		349	380		136					
Performance Bonus		-			-					
Motor Vehicle Allowance	3	141	375		74					
Cellphone Allowance	3	77			52					
Housing Allowances	3		156		7					
Other benefits and allowances	3	1 001	1 336		1 274					
Payments in lieu of leave			514							
Long service awards										
Post-retirement benefit obligations	6		906							
Sub Total - Other Municipal Staff		11 079	14 952	-	18 935	-	-	-	-	-
% increase	4		35,0%	(100,0%)	-	(100,0%)	-	-	-	-
Total Parent Municipality		15 613	19 145	-	25 251	-	-	-	-	-
			22,6%	(100,0%)	-	(100,0%)	-	-	-	-

13. MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOWS

As per ANNEXURE B –SA25-SA28

KZN253 eMahlangueni - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description		Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source																	
Property rates														15 032	15 032	15 904	16 826
Property rates - penalties & collection charges														2 798	2 798	2 960	3 132
Service charges - electricity revenue														16 465	16 465	17 420	18 430
Service charges - water revenue														-	-	-	-
Service charges - sanitation revenue														-	-	-	-
Service charges - refuse revenue														1 687	1 687	1 785	1 888
Service charges - other														-	-	-	-
Rental of facilities and equipment														1 993	1 993	2 108	2 530
Interest earned - external investments														1 554	1 554	1 644	1 739
Interest earned - outstanding debtors														-	-	-	-
Dividends received														-	-	-	-
Fines														300	300	318	336
Licences and permits														1 427	1 427	1 510	1 598
Agency services														-	-	-	-
Transfers recognised - operational														37 526	37 526	29 390	30 340
Other revenue														6 875	6 875	7 474	7 907
Gains on disposal of PPE														-	-	-	-
Total Revenue (excluding capital transfers and contributions)			-	-	-	-	-	-	-	-	-	-	-	85 657	85 657	80 512	84 727
Expenditure By Type																	
Employee related costs														25 918	25 918	27 220	28 758
Remuneration of councillors														3 172	3 172	3 356	3 551
Debt impairment														2 516	2 516	2 662	2 516
Depreciation & asset impairment														5 808	5 808	5 731	5 439
Finance charges														101	101	107	113
Bulk purchases														12 373	12 373	13 091	13 850
Other materials														-	-	-	-
Contracted services														1 600	1 600	1 693	1 791
Transfers and grants														-	-	-	-
Other expenditure														29 310	29 310	26 479	27 200
Loss on disposal of PPE														-	-	-	-
Total Expenditure			-	-	-	-	-	-	-	-	-	-	-	80 798	80 798	80 338	83 217
Surplus/(Deficit)			-	-	-	-	-	-	-	-	-	-	-	4 859	4 859	174	1 510
Transfers recognised - capital														17 913	17 913	19 454	24 730
Contributions recognised - capital														-	-	-	-
Contributed assets														-	-	-	-
Surplus/(Deficit) after capital transfers & contributions			-	-	-	-	-	-	-	-	-	-	-	22 772	22 772	19 628	26 240
Taxation														-	-	-	-
Attributable to minorities														-	-	-	-
Share of surplus/ (deficit) of associate														-	-	-	-
Surplus/(Deficit)		1	-	-	-	-	-	-	-	-	-	-	-	22 772	22 772	19 628	26 240

KZN253 eMadlangeni - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand																
Revenue by Vote																
Vote 1 - Governance and Administration													79 022	79 022	73 794	81 467
Vote 2 - Community and Public Safety													2 724	2 724	2 882	3 049
Vote 3 - Economic and Environmental Services													369	369	391	413
Vote 4 - Trading Services													18 267	18 267	19 327	20 448
Vote 5 - Other.													3 188	3 188	3 573	4 080
Vote 6 - [NAME OF VOTE 6]													-	-	-	-
Vote 7 - [NAME OF VOTE 7]													-	-	-	-
Vote 8 - [NAME OF VOTE 8]													-	-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Total Revenue by Vote		-	-	-	-	-	-	-	-	-	-	-	103 570	103 570	99 966	109 457
Expenditure by Vote to be appropriated																
Vote 1 - Governance and Administration													41 498	41 498	39 452	39 979
Vote 2 - Community and Public Safety													11 956	11 956	12 449	13 161
Vote 3 - Economic and Environmental Services													9 867	9 867	10 439	11 045
Vote 4 - Trading Services													15 741	15 741	16 210	17 140
Vote 5 - Other.													1 737	1 737	1 787	1 891
Vote 6 - [NAME OF VOTE 6]													-	-	-	-
Vote 7 - [NAME OF VOTE 7]													-	-	-	-
Vote 8 - [NAME OF VOTE 8]													-	-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Total Expenditure by Vote		-	-	-	-	-	-	-	-	-	-	-	80 798	80 798	80 338	83 217
Surplus/(Deficit) before assoc.		-	-	-	-	-	-	-	-	-	-	-	22 772	22 772	19 628	26 240
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	-	-	-	-	-	-	-	-	-	-	-	22 772	22 772	19 628	26 240

KZN253 eMahlangueni - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard																
<i>Governance and administration</i>		6 964	6 964	6 964	6 964	6 964	6 964	6 964	6 964	6 964	6 964	6 964	2 414	79 021	73 794	81 467
Executive and council		1 769	1 769	1 769	1 769	1 769	1 769	1 769	1 769	1 769	1 769	1 769	4 113	23 572	25 281	26 447
Budget and treasury office		5 195	5 195	5 195	5 195	5 195	5 195	5 195	5 195	5 195	5 195	5 195	(1 699)	55 446	48 509	55 016
Corporate services		0	0	0	0	0	0	0	0	0	0	0	0	4	4	4
<i>Community and public safety</i>		227	227	227	227	227	227	227	227	227	227	227	227	2 724	2 882	3 049
Community and social services		82	82	82	82	82	82	82	82	82	82	82	81	983	1 040	1 101
Sport and recreation													-	-	-	-
Public safety		145	145	145	145	145	145	145	145	145	145	145	145	1 740	1 841	1 948
Housing													-	-	-	-
Health													-	-	-	-
<i>Economic and environmental services</i>		31	31	31	31	31	31	31	31	31	31	31	28	369	391	413
Planning and development													-	-	-	-
Road transport		31	31	31	31	31	31	31	31	31	31	31	28	369	391	413
Environmental protection													-	-	-	-
<i>Trading services</i>		1 523	1 523	1 523	1 523	1 523	1 523	1 523	1 523	1 523	1 523	1 523	1 514	18 267	19 327	20 448
Electricity		1 382	1 382	1 382	1 382	1 382	1 382	1 382	1 382	1 382	1 382	1 382	1 378	16 580	17 542	18 559
Water													-	-	-	-
Waste water management													-	-	-	-
Waste management		141	141	141	141	141	141	141	141	141	141	141	136	1 687	1 785	1 888
<i>Other</i>		266	266	266	266	266	266	266	266	266	266	266	262	3 188	3 573	4 080
Total Revenue - Standard		9 011	9 011	9 011	9 011	9 011	9 011	9 011	9 011	9 011	9 011	9 011	4 445	103 570	99 966	109 457
Expenditure - Standard																
<i>Governance and administration</i>		3 419	3 419	3 419	3 419	3 419	3 419	3 419	3 419	3 419	3 419	3 419	3 889	41 498	39 452	39 979
Executive and council		927	927	927	927	927	927	927	927	927	927	927	1 322	11 519	11 913	12 496
Budget and treasury office		1 888	1 888	1 888	1 888	1 888	1 888	1 888	1 888	1 888	1 888	1 888	1 961	22 729	19 875	19 375
Corporate services		604	604	604	604	604	604	604	604	604	604	604	605	7 249	7 665	8 109
<i>Community and public safety</i>		1 002	1 002	1 002	1 002	1 002	1 002	1 002	1 002	1 002	1 002	1 002	934	11 956	12 449	13 161
Community and social services		660	660	660	660	660	660	660	660	660	660	660	446	7 706	7 953	8 404
Sport and recreation													-	-	-	-
Public safety		342	342	342	342	342	342	342	342	342	342	342	488	4 250	4 497	4 757
Housing													-	-	-	-
Health													-	-	-	-
<i>Economic and environmental services</i>		747	747	747	747	747	747	747	747	747	747	747	1 650	9 867	10 439	11 045
Planning and development		243	243	243	243	243	243	243	243	243	243	243	1 021	3 694	3 909	4 135
Road transport		504	504	504	504	504	504	504	504	504	504	504	629	6 173	6 531	6 909
Environmental protection													-	-	-	-
<i>Trading services</i>		1 312	1 312	1 312	1 312	1 312	1 312	1 312	1 312	1 312	1 312	1 312	1 309	15 741	16 210	17 140
Electricity		1 236	1 236	1 236	1 236	1 236	1 236	1 236	1 236	1 236	1 236	1 236	1 232	14 828	15 288	16 165
Water													-	-	-	-
Waste water management													-	-	-	-
Waste management		76	76	76	76	76	76	76	76	76	76	76	77	913	922	976
<i>Other</i>		156	156	156	156	156	156	156	156	156	156	156	21	1 737	1 787	1 891
Total Expenditure - Standard		6 636	6 636	6 636	6 636	6 636	6 636	6 636	6 636	6 636	6 636	6 636	7 802	80 798	80 338	83 217
Surplus/(Deficit) before assoc.		2 375	2 375	2 375	2 375	2 375	2 375	2 375	2 375	2 375	2 375	2 375	(3 357)	22 772	19 628	26 240
Emahlangueni Municipality													-	-	-	-
Surplus/(Deficit)	1	2 375	2 375	2 375	2 375	2 375	2 375	2 375	2 375	2 375	2 375	2 375	(3 357)	22 772	19 628	26 240

KZN253 eMahlangueni - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Multi-year expenditure to be appropriated	1															
Vote 1 - Governance and Administration													-	-	-	-
Vote 2 - Community and Public Safety													-	-	-	-
Vote 3 - Economic and Environmental Services													-	-	-	-
Vote 4 - Trading Services													-	-	-	-
Vote 5 - Other.													-	-	-	-
Vote 6 - [NAME OF VOTE 6]													-	-	-	-
Vote 7 - [NAME OF VOTE 7]													-	-	-	-
Vote 8 - [NAME OF VOTE 8]													-	-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																
Vote 1 - Governance and Administration		1 225	1 225	1 225	1 225	1 225	1 225	1 225	1 225	1 225	1 225	1 225	447	13 922	9 454	9 730
Vote 2 - Community and Public Safety		8	8	8	8	8	8	8	8	8	8	8	12	100	-	-
Vote 3 - Economic and Environmental Services		17	17	17	17	17	17	17	17	17	17	17	463	650	-	-
Vote 4 - Trading Services		1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	(4 275)	8 100	10 000	15 000
Vote 5 - Other.													-	-	-	-
Vote 6 - [NAME OF VOTE 6]													-	-	-	-
Vote 7 - [NAME OF VOTE 7]													-	-	-	-
Vote 8 - [NAME OF VOTE 8]													-	-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Capital single-year expenditure sub-total	2	2 375	2 375	2 375	2 375	2 375	2 375	2 375	2 375	2 375	2 375	2 375	(3 353)	22 772	19 454	24 730
Total Capital Expenditure	2	2 375	2 375	2 375	2 375	2 375	2 375	2 375	2 375	2 375	2 375	2 375	(3 353)	22 772	19 454	24 730

14. DRAFT ANNUAL BUDGET AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

The Draft Annual Budget and Service Delivery Implementation Plans have been submitted separately for Council's consideration and approval.

15. CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

In terms of the Municipality's Supply Management Policy, no contracts are awarded beyond the medium –term revenue and expenditure framework(Three years)It is envisaged at this stage that no contract will have budgetary implications beyond a period of three years.

16. CAPITAL EXPENDITURE DETAILS

KZN253 eMahlangueni - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		7 903	13 399	-	15 723	-	-	-	-	-
Infrastructure - Road transport		7 903	9 964	-	5 723	-	-	-	-	-
Roads, Pavements & Bridges		7 903	9 964		5 723					
Storm water										
Infrastructure - Electricity		-	3 435	-	10 000	-	-	-	-	-
Generation										
Transmission & Reticulation			3 435		10 000					
Street Lighting										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation	2									
Gas										
Other	3									
Community		-	-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other		-			-					
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		175	1 733	-	3 450	-	-	-	-	-
General vehicles					250					
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment		34	1 612		1 200					
Computers - hardware/equipment		132	28							
Furniture and other office equipment		10	92							
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings					2 000					
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (<i>list sub-class</i>)										
Total Capital Expenditure on new assets	1	8 079	15 131	-	19 173	-	-	-	-	-

17. LEGISLATION COMPLIANCE STATUS

17.1 Municipal Finance Management Act

The Municipal Finance Management Act, No. 56 of 2003 came into effect on 1 July 2004. The Emadlangeni Municipality was identified as a low capacity Municipality, and as such had the benefit of implementing the Act with dispensations. The following main processes have been implemented in terms of the Municipal Finance Management Act:

- The budget process.
- Supply Chain Management.
- Full implementation of GRAP.
- Financial in-year reporting.
- Adjustment budgeting
- Annual reporting.
- Compilation and implementation of various policies.
- Compilation of procedural notes for main financial accounting processes.
- The budget and Treasury office has been established in accordance with the requirements
- Service Delivery and Budget Implementation plans are applied as monitoring tools
- Audit Committee has been established

17.2 Municipal Property Rates Act

The 2016/17 and the preceding year are challenging years for Emadlangeni Municipality as the current Valuation roll was implemented from the 1st of July 2013 and queries on market values are still be raised by Property owners.

17.3 Compliance with Gazette 32141: Municipal Budget and Reporting Regulations

The budget has been prepared in compliance with the Budget and Reporting Regulations.

17.4 Other Legislation

Emadlangeni Municipality has complied with a number of other legislation, including the Local Government Municipal Systems Act, gazettes and circulars issued by Treasuries on a continuous basis.

18. MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, **GPN Ntshangase**, Municipal Manager of **Emadlangeni Municipality**, hereby certify that the annual budget and supporting documentation of the 2016/2017 Operating and Capital Budget have been prepared in accordance with the Municipal Finance Management Act, 56 of 2003, and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name : GPN NTSHANGASE

Municipal Manager of : EMADLANGENI MUNICIPALITY

Signature :

Date :

